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Executive Vice President
Public Policy

Mail Station 9040
PO Box 53999
Phoenix, Arizona 85072-3999
Tel 602-250-2952
Jeff.Guldner@aps.com

July 31, 2018

Arizona Corporation Commission

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Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

JUL 31 2018

DOCKETED BY

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RE: Energy Modernization and the Power of Collaboration
Review, Modernization and Expansion of the REST Rules
Docket No. E-00000Q-16-0289

Chairman and Commissioners:

APS encourages the Commission to continue to move the Energy Modernization Plan forward. As we have stated since the concept was first introduced, APS believes this proposal to achieve 80% clean energy by 2050 is a bold vision for the future.

The Energy Modernization Plan can take a balanced, collaborative approach that has the power to deliver what all Arizonans believe in – affordable, clean energy. This is far better than a mandated energy policy derived outside of any regulatory process that would be inflexible as technologies and customer expectations evolve. The Commission's consideration can facilitate public debate on all aspects of the Energy Modernization Plan, including important questions like how to balance affordability and long-term reliability with an ambitious goal for clean energy.

With the initiation of a rulemaking, the Commission is inviting collaboration and public dialogue in developing the goals and objectives for Arizona's energy future. Collaboration is key to getting it right.

At APS, we believe the best possible solutions are crafted through collaboration with our customers, regulators and other stakeholders, including business and community leaders. In fact, when knowledgeable people bring their best ideas to the table, we achieve important advances and innovations in projects, programs and technologies.

This is not just a soundbite with no proof behind it. Just looking at APS's recent collaborations shows that we can reach outcomes that benefit our customers and Arizona:

- One of the country's largest battery storage systems in partnership with **First Solar** – The result of an APS request for proposals, this innovative design will pilot how solar and battery storage systems can work together to deliver power to customers during peak hours. Arizona companies like APS and First Solar continue to lead the way in developing and integrating solar energy.
- A new proposal for clean energy data centers developed in collaboration with one of the world's largest companies – Working with an international technology leader, we designed a plan to help large, high-load-factor customers achieve their clean energy goals without shifting costs to other customers or straining the Arizona electrical system. If our plan is approved by the ACC, it will create a path for extra-large customers to achieve their goals and expand into Arizona while making Arizona a more competitive and attractive place for other major employers to do business.
- APS Solar Communities, a program that expands rooftop solar to more limited- and moderate-income customers – Through our 2016 rate review, we worked with a number of entities including **ConservAmerica**, **Arizona Community Action Association** and **Arizona Solar Deployment Alliance** to design and dedicate more than \$10 million annually to this program that will install more rooftop solar across our service territory.
- A new grid-scale solar array to serve **ASU** and **PayPal** – We developed the 40 megawatt (MW) Red Rock solar facility through collective discussions focused on helping these customers achieve their sustainability goals while bringing more solar to Arizona.
- Over-arching sustainability goals for the **City of Tempe** – We participated in a collaborative process with representatives from different sectors and industries to help Tempe define municipal carbon and renewable energy goals, and continue to work together on the strategies to achieve them.
- A microgrid project with the Department of the Navy – In collaboration with **Marine Corps Air Station Yuma**, we installed a world-class microgrid that provides the base with seamless back-up power while simultaneously providing APS with flexible and lower-cost peak-power generation for our customers. As a grid resource, the microgrid uses more efficient generators with only a fraction of the total emissions of a standard back-up generator. The project, which the Marine Corps describes as “vital to our contribution to national security,” is clearly a win for APS, Arizona and the Department of Defense.
- New, innovative customer service plans – In conjunction with the Commission and in collaboration with a broad range of intervening parties in our most recent rate review, we developed new customer service plans that share in the clean energy from solar by encouraging its broad use, integration and value. APS service plans have lower off-peak and super off-peak prices to encourage customers to use energy at times of day when solar is abundant in supply.

- Forward-thinking advocacy – We continue to collaborate with organizations like the **Advanced Energy Economy** (AEE) to seek solutions that work for everyone as we move forward into a cleaner energy future.

While proud of our accomplishments, we recognize that we need to continue to do more to achieve the best energy future for Arizona in a way that is right for our state. We believe the Energy Modernization Plan, which will be developed for Arizona by Arizonans, is important to designing that energy future, and we look forward to working with the ACC and stakeholders to further develop and implement this vision.

Sincerely,



Jeffrey B. Guldner
JBG/kac

CC: Chairman Tom Forese
Commissioner Andy Tobin
Commissioner Boyd Dunn
Commissioner Bob Burns
Commissioner Justin Olson
Elijah Abinah